

# State Agriculture Development Committee Appraisal Conference 2016

**Susan E. Payne Executive Director**

# Program Overview

Susan Payne – Executive Director SADC

- Total Acreage Preserved over the history of the program - 2,410 farms comprising 221,253 Acres in 18 Counties as of May 13, 2016
- Expenditures - \$1,666,057,773
- State cost share has been about 64% or \$1,062,773,468
- County, Municipal and Federal Fund Costs represent 36% or \$603,248,305

## New Jersey Farmland Preservation Program Summary of Preserved Farmland

Participating County	Number of Farms	Number of Municipalities	Acres	Average Farm Size	Total Cost	Per Acre Total Cost	State Cost	State Cost Share Percent	County Municipality Federal Cost Share
Atlantic	48	8	5,105	106	17,577,982	3,443	13,423,506	76.37%	4,154,476
Bergen	8	5	335	42	19,752,944	58,927	10,866,840	55.01%	8,886,103
Burlington	222	21	28,044	126	157,776,188	5,626	91,878,547	58.23%	65,897,641
Camden	14	3	1,011	72	13,732,709	13,579	6,149,953	44.78%	7,582,756
Cape May	47	6	2,699	57	17,645,320	6,538	10,630,547	60.25%	7,014,773
Cumberland	186	11	19,773	106	54,371,301	2,750	39,586,738	72.81%	14,784,563
Gloucester	173	14	13,539	78	100,933,711	7,455	64,233,930	63.64%	36,699,781
Hunterdon	394	17	31,175	79	265,593,766	8,519	182,274,069	68.63%	83,319,697
Mercer	112	8	8,240	74	101,669,066	12,338	59,763,701	58.78%	41,905,365
Middlesex	54	8	4,928	91	63,308,167	12,847	43,105,112	68.09%	20,203,055
Monmouth	198	11	14,846	75	226,688,183	15,269	140,509,650	61.98%	86,178,533
Morris	121	15	7,545	62	147,758,148	19,583	79,509,472	53.81%	68,248,676
Ocean	48	6	3,248	68	26,635,229	8,202	18,018,684	67.65%	8,616,545
Passaic	2	2	56	28	3,553,345	63,399	1,539,426	43.32%	2,013,919
Salem	291	11	34,756	119	146,137,387	4,205	113,574,147	77.72%	32,563,240
Somerset	103	7	7,793	76	132,122,463	16,953	76,851,846	58.17%	55,270,617
Sussex	141	14	15,414	109	51,577,488	3,346	34,781,540	67.44%	16,795,948
Warren	248	19	22,744	92	119,224,376	5,242	76,075,761	63.81%	43,148,614
<b>All Counties</b>	<b>2,410</b>	<b>186</b>	<b>221,253</b>	<b>92</b>	<b>1,666,057,773</b>	<b>7,530</b>	<b>1,062,773,468</b>	<b>63.79%</b>	<b>603,284,305</b>

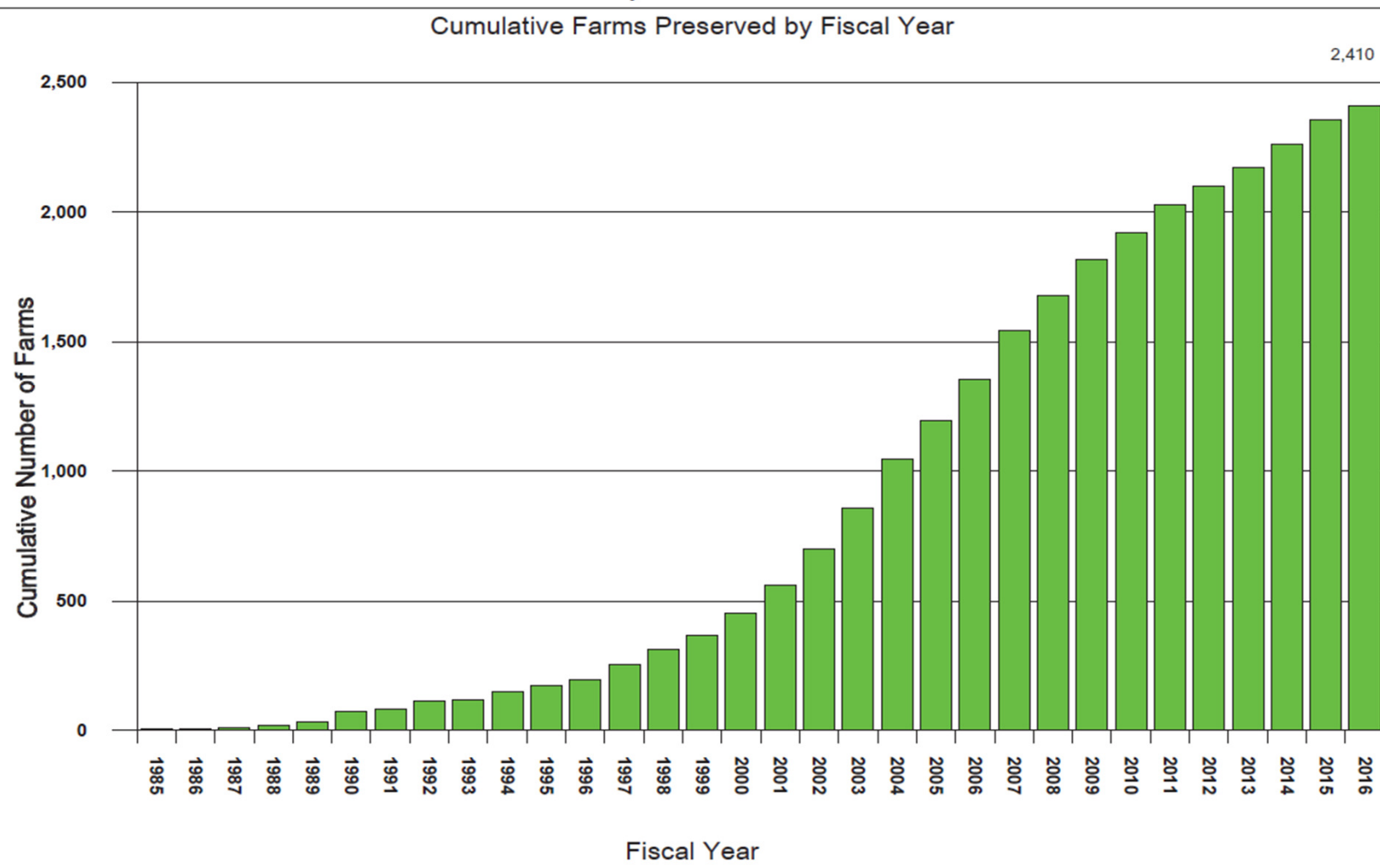
### New Jersey Farmland Preservation Program Permanently Preserved Farmland by Fiscal Year

Fiscal Year	Number of Farms								Number of Acres								Average Farm Size per Year
	County Easement Purchase	Planning Incentive Grants	Non Profit Grants	Fee Simple Purchase	SADC Direct Easement Purchase	Donated and State Owned	Yearly Total	Cumulative Total	County Easement Purchase	Planning Incentive Grants	Non Profit Grants	Fee Simple Purchase	SADC Direct Easement Purchase	Donated and State Owned	Yearly Total	Cumulative Total	
1985	5						5	5	608						608	608	122
1986	1						1	6	160						160	768	160
1987	3						3	9	249						249	1,017	83
1988	8	1					9	18	759	100					859	1,875	95
1989	15						15	33	2,000						2,000	3,875	133
1990	41					1	42	75	6,300					142	6,441	10,317	153
1991	3			2			5	80	447			524			971	11,287	194
1992	31						31	111	4,836						4,836	16,123	156
1993	6						6	117	1,121						1,121	17,244	187
1994	28			2			30	147	4,225			491			4,716	21,961	157
1995	29			1			30	177	4,275			233			4,508	26,469	150
1996	23						23	200	2,695						2,695	29,163	117
1997	53			4		2	59	259	7,040			702		635	8,377	37,541	142
1998	52			3		1	56	315	8,892			1,012		235	10,138	47,679	181
1999	53			2		1	56	371	6,079			293		105	6,477	54,156	116
2000	69			8	1	3	81	452	8,594			2,068	237	637	11,535	65,691	142
2001	88			7	13	2	110	562	9,310			930	1,264	1,654	13,157	78,847	120
2002	102	1		12	21	1	137	699	9,693	10		1,215	1,894	576	13,389	92,236	98
2003	81	9	4	8	55	1	158	857	6,927	551	418	900	4,369	100	13,266	105,502	84
2004	110	12	2	5	56	4	189	1,046	6,968	733	116	600	4,793	381	13,591	119,094	72

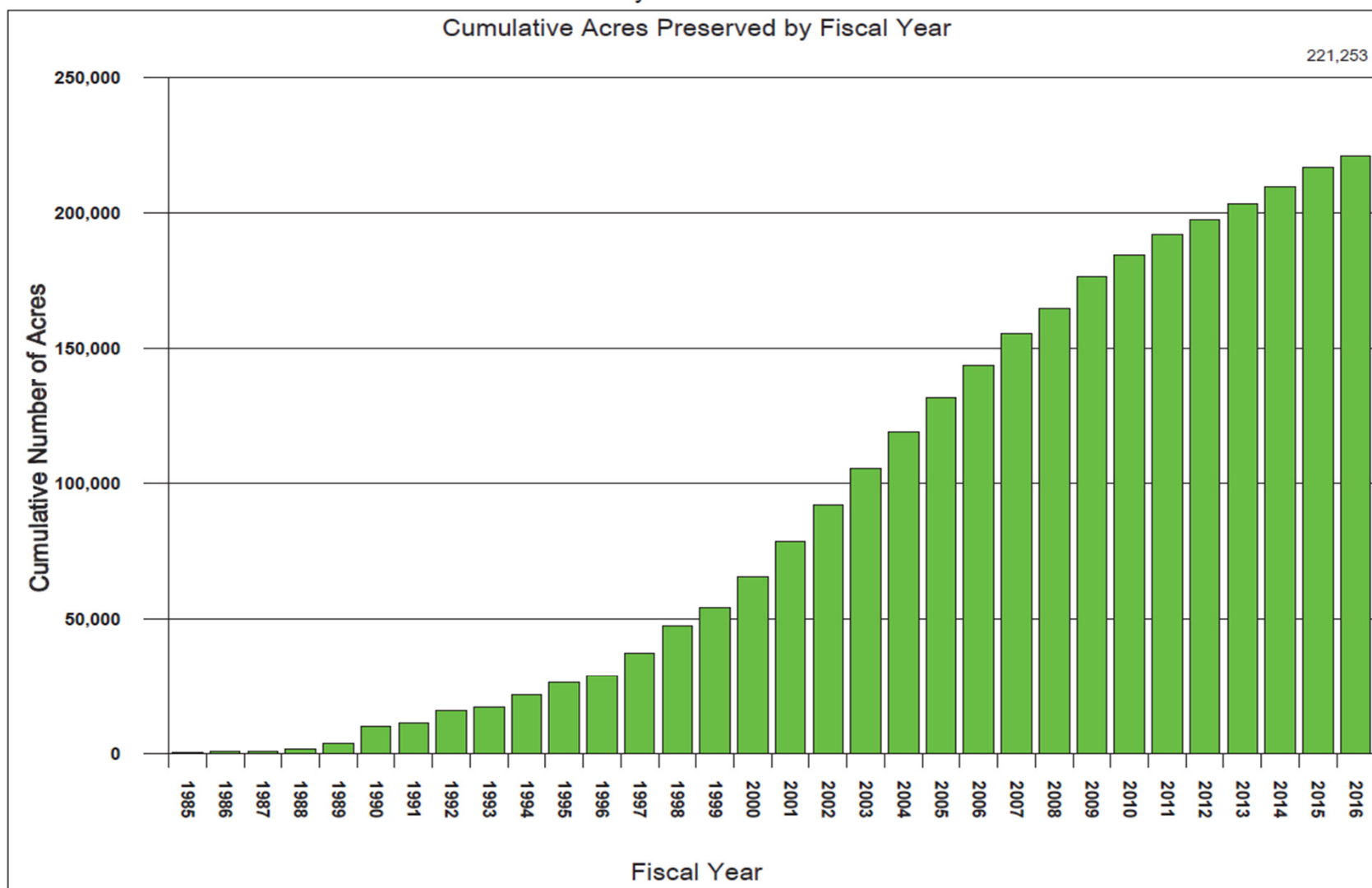
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2005	98	21		1	27		147	1,193	8,540	1,095		219	2,703		12,556	131,650	85
2006	105	26		6	23		160	1,353	7,214	1,416		769	2,781		12,179	143,829	76
2007	113	46	4	8	18		189	1,542	7,266	2,126	219	883	1,291		11,785	155,614	62
2008	67	46	5	4	16		138	1,680	4,712	2,398	305	360	1,529		9,305	164,919	67
2009	54	38	13	1	31		137	1,817	3,690	2,282	1,148	128	4,374		11,622	176,541	85
2010	57	18	12	4	14		105	1,922	3,997	973	922	737	1,541		8,171	184,712	78
2011	62	27	3	1	13		106	2,028	3,536	1,581	250	20	1,983		7,369	192,081	70
2012	45	10	3		13		71	2,099	3,538	422	156		1,557		5,672	197,753	80
2013	29	19	7		17		72	2,171	2,100	1,129	274		2,085		5,589	203,342	78
2014	44	18	11		16		89	2,260	2,925	559	753		1,999		6,235	209,577	70
2015	45	23	7		20		95	2,355	4,025	902	293		2,304		7,524	217,101	79
2016	30	13	2		10		55	2,410	2,028	761	122		1,241		4,152	221,253	75
<b>Total</b>	<b>1,550</b>	<b>328</b>	<b>73</b>	<b>79</b>	<b>364</b>	<b>16</b>		<b>2,410</b>	<b>144,747</b>	<b>17,038</b>	<b>4,976</b>	<b>12,085</b>	<b>37,943</b>	<b>4,463</b>		<b>221,253</b>	<b>92</b>
<b>% Total</b>	<b>64%</b>	<b>14%</b>	<b>3%</b>	<b>3%</b>	<b>15%</b>	<b>1%</b>			<b>65%</b>	<b>8%</b>	<b>2%</b>	<b>5%</b>	<b>17%</b>	<b>2%</b>			

# New Jersey Farmland Preservation Program Permanently Preserved Farmland Cumulative Farms Preserved by Fiscal Year



# New Jersey Farmland Preservation Program Permanently Preserved Farmland Cumulative Acres Preserved by Fiscal Year





# Pinelands

- Pinelands Agricultural Production Area –
- Total Acreage Preserved over the history of the program - 144 farms comprising 17,253 Acres in 7 Counties as of May 13, 2016
- Expenditures - \$59,036,278
- State cost share has been about 69.90% or \$41,267,229
- County, Municipal and Federal Fund Costs represent 30.1% or \$17,769,049
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### New Jersey Farmland Preservation Program Summary of Preserved Farmland In the Pinelands Region

Participating County	Number of Farms	Number of Municipalities	Acres	Average Farm Size	Total Cost	Per Acre Total Cost	State Cost	State Cost Share Percent	County Municipality Federal Cost Share
Atlantic	45	7	4,995	111	16,916,125	3,387	12,761,649	75.44%	4,154,476
Burlington	42	8	6,991	166	24,820,990	3,551	16,964,251	68.35%	7,856,739
Camden	12	2	910	76	3,628,094	3,987	2,633,714	72.59%	994,380
Cape May	24	4	1,884	79	7,142,253	3,790	4,564,688	63.91%	2,577,565
Cumberland	1	1	1,083	1,083	0	0	0		0
Gloucester	12	2	1,158	97	2,229,464	1,925	1,689,781	75.79%	539,683
Ocean	8	4	232	29	4,299,352	18,496	2,653,147	61.71%	1,646,206
<b>All Counties</b>	<b>144</b>	<b>28</b>	<b>17,253</b>	<b>120</b>	<b>59,036,278</b>	<b>3,422</b>	<b>41,267,229</b>	<b>69.90%</b>	<b>17,769,049</b>

# Highlands Planning Area

- Total Acreage Preserved over the history of the program - 288 farms comprising 23,975 Acres in 6 Counties as of May 13, 2016
- Expenditures - \$216,239,496
- State cost share has been about 60.75% or \$131,360,249
- County, Municipal and Federal Fund Costs represent 39.25% or \$84,879,246



# Highlands Preservation Area

- Total Acreage Preserved over the history of the program - 211 farms comprising 16,716 Acres in 7 Counties as of May 13, 2016
- Expenditures - \$179,871,603
- State cost share has been about 64.51% or \$116,031,868
- County, Municipal and Federal Fund Costs represent 35.49% or \$63,839,735

### New Jersey Farmland Preservation Program Summary of Preserved Farmland In the Highlands Preservation Area

Participating County	Number of Farms	Number of Municipalities	Acres	Average Farm Size	Total Cost	Per Acre Total Cost	State Cost	State Cost Share Percent	County Municipality Federal Cost Share
Bergen	3	1	244	81	5,263,844	21,609	3,568,386	67.79%	1,695,458
Hunterdon	44	6	3,792	86	45,494,391	11,999	36,716,510	80.71%	8,777,881
Morris	87	4	5,952	68	91,858,687	15,433	50,911,461	55.42%	40,947,225
Passaic	1	1	41	41	986,695	24,000	592,017	60.00%	394,678
Somerset	1	1	78	78	1,422,545	18,300	699,940	49.20%	722,605
Sussex	6	2	956	159	2,827,810	2,958	2,243,225	79.33%	584,585
Warren	69	11	5,654	82	32,017,631	5,663	21,300,328	66.53%	10,717,303
<b>All Counties</b>	<b>211</b>	<b>26</b>	<b>16,716</b>	<b>79</b>	<b>179,871,603</b>	<b>10,761</b>	<b>116,031,868</b>	<b>64.51%</b>	<b>63,839,735</b>

# Highlands Preservation and Planning Areas

- Total Acreage Preserved over the history of the program -499 farms comprising 40,690 Acres in 7 Counties as of May 13, 2016
- Expenditures - \$396,111,099
- State cost share has been about 62.46% or \$247,392,117
- County, Municipal and Federal Fund Costs represent 37.54% or \$148,718,982

**New Jersey Farmland Preservation Program  
Summary of Preserved Farmland  
In the Highlands Preservation and Planning Areas**

Participating County	Number of Farms	Number of Municipalities	Acres	Average Farm Size	Total Cost	Per Acre Total Cost	State Cost	State Cost Share Percent	County Municipality Federal Cost Share
Bergen	4	1	291	73	9,128,750	31,400	5,795,420	63.49%	3,333,330
Hunterdon	132	10	10,267	78	91,440,054	8,906	68,060,040	74.43%	23,380,014
Morris	117	13	7,304	62	140,153,302	19,189	75,203,862	53.66%	64,949,440
Passaic	1	1	41	41	986,695	24,000	592,017	60.00%	394,678
Somerset	27	2	1,944	72	44,730,560	23,010	26,991,712	60.34%	17,738,848
Sussex	19	6	2,090	110	8,875,998	4,246	6,096,773	68.69%	2,779,225
Warren	199	16	18,753	94	100,795,739	5,375	64,652,293	64.14%	36,143,446
<b>All Counties</b>	<b>499</b>	<b>49</b>	<b>40,690</b>	<b>82</b>	<b>396,111,099</b>	<b>9,735</b>	<b>247,392,117</b>	<b>62.46%</b>	<b>148,718,982</b>



# Appraisal Handbook Amendments

## Paul A. Burns Chief Review Appraiser SADC

- Removal of term self-contained appraisal
- Rewording of residential opportunities, scope of work, appraisal considerations, hypothetical conditions and extraordinary assumptions, highest and best use and comparable sale write up.
- Requirement for Listings of Comparable Properties for Sale
- Website: [www.state.nj.us/agriculture/sadc/index.shtml](http://www.state.nj.us/agriculture/sadc/index.shtml)
- Click Farmland Preservation, click Appraisals, click farm appraisal resources (upper right corner)

# Self - Contained

- All references to the term “self-contained appraisal” have been replaced with the term **“Appraisal Report” format**. **Reason:** The term self - contained appraisal report has been removed from the Uniform Standards of Professional Appraisal Practice (USPAP). SADC appraisals will still be conducted in compliance with the SADC appraiser handbook, which calls for a detailed appraisal report. Restricted appraisal formats will not be permitted.

# Electronic Submissions

- Currently using Datamotion.
- Still accepting paper or disks if you are not capable of using Datamotion
- We expect e-farms to be up sometime during the upcoming year and a whole new system will be in place. We will put on a webinar on how to use it. \*\*\*\*

# Residential Opportunities

- **\*\*Page 13: Residential Opportunities – Removal of the phrase “The value should indicate the value of a residential opportunity and the value of the excess land.” Reason: Redundant and therefore removed.**

# Scope of Work

- **Page 19: Scope of Work– Statement Added -** Appraisers must identify the client and other intended users, intended use of the appraisal report (fee simple , easement acquisition etc.) definition of value (market), hypothetical conditions/extraordinary assumptions, effective date of the appraisal, salient features of the subject property, methodologies to be used, extent of investigation and the applicable approaches to value. **Reason:** Further clarification of an existing requirement

# Hypothetical Conditions/Extraordinary Assumptions

- **\*\*\*Page 19: Hypothetical Conditions and Extraordinary Assumptions– Statement Added** - Extraordinary assumptions that change the risk level and possibly the market value are prohibited. In general, the appraiser should estimate the market value based on existing conditions with the buyer assuming the risk of future approvals and/or events.  
**Reason:** Further clarification of an existing requirement

# Highest and Best Use

- **Page 23: Highest and Best Use – Statement added** - Both the Highest and Best Use as Vacant and as Improved are required, even though only the land is required to be valued. The “effect” of the existing improvements on the value of the land must be addressed.  
**Reason:** Further clarification of an existing requirement
- N.J.A.C. 2:76-10.6 (c)



## N.J.A.C. 2:76-10.6 (c)

- A determination of the subject property's market value unrestricted. The appraiser shall consider the effect of building and improvements when conducting the valuation, but only the market value of the land is required to be identified.

# Community and Neighborhood/Market Area Data

- **Page 24: Section Added - Community and Neighborhood/Market Area Data:** The appraiser shall prepare a description of the subject property's County and Municipal demographic data including but not exclusive to: Relevant transportation, employment, income, housing, construction (building permits), education systems, shopping, environmental and other factors the appraiser deems relevant. The immediate neighborhood description should include any structures or sites that may have an impact on the subject property that was not addressed in the municipal description. **Reason:** Standard narrative appraisal format

# Comparable Sale Write Up

- **\*\*\*Page 25: Direct Sales Comparison/Comparable Sale Write Up:** Aerial photographs are excellent views of farm properties but a street photograph is required. It is important that the appraiser visit the comparable property as it may be very valuable to ascertain neighborhood and other characteristics that may have not been evident if the property was not inspected. The review appraisers reserve the right to require the appraiser to provide such information that is omitted from the sale write up. **Reason:** This is a reminder, not a change to the Handbook

# Listings of Comparable Properties

- **Page 23 & 28: Section Added– Listings of Comparable Properties for Sale:** The Appraiser shall prepare a list of comparable land for sale within the subject's market area. This list should include at a minimum the listing's address, list price, size, price per acre, and days on market. Appraisers should carefully consider their subject concluded value against the context of these listings and known sale price to list price ratios. The appraiser may need to explain their value conclusion in light of list prices of comparable land if they are substantially different.  
**Reason:** To enhance reviewer and appraiser awareness and explanation of the subject's marketplace. Several appraisers do this and it is helpful in the review of the appraisal and understanding of the marketplace.

# Example of listing chart

•	<b>Address</b>	<b>List Price</b>	<b>Size</b>	<b>Price/Acre</b>	<b>DOM</b>	<b>Comments</b>
•	1 Main Street, Anytown NJ	\$2,000,000	100 Ac	\$20,000	800	Approved 32 res. sites
•	2 Cash Ave., Farmtown NJ	\$1,200,000	100 Ac	\$12,000	70	Zoned commercial
•	3 Long Rd, Aheadsville NJ	\$800,000	100 Ac	\$8,000	5	Zoned Agriculture.

# Sale of the Subject Property

- Page 19: History “The appraiser shall analyze any sale of the subject within the past three years”
- USPAP – requires the same in Standard Rule 1-5
- Analyze according to Merriam Webster
- to study (something) closely and carefully : to learn the nature and relationship of the parts of (something) by a close and careful examination

# USPAP Standard Rule 1-5

- When the value opinion to be developed is market value an appraiser must, if such information is available to the appraiser in the normal course of business:
  - (a) analyze all agreements of sale, options, and listings of the subject property current as of the effective date of the appraisal; and
  - (b) analyze all sales of the subject property that occurred within three (3) years prior to the effective date of the appraisal



# Close and Careful

- Does not mean
  - Only talking to one party to the transaction if both parties are available
  - Making generalized assumptions solely on the basis of it doesn't fit the appraiser's perception of the market.
  - If it is your intention not to use the sale of the subject as a comparable sale there must be a good reason such as:
    - Not arms length. Don't just say it – tell us why
    - Complicated transaction – tell us why
    - Doesn't conform to the definition of market value – tell us why
    - Purchased or under contract by the Government Entity now applying for Preservation\*
    - USPAP 2-2(a) (viii) "If such information is unobtainable, a statement on the efforts undertaken by the appraiser to obtain the information is required. If such information is irrelevant, a statement acknowledging the existence of the information and citing its lack of relevance is required."

# Sale of the Subject

- Otherwise – this sale should not only be a part of the grid analysis, but should be given weight and consideration.
- Any analysis of the sale of the subject should also include it's listing history including prices and time spent on the market if it was exposed to the marketplace through a broker.

# Estate Appraised (Discussion)

- The handbook currently states
- **Estate Appraised:** A statement of the rights being valued. For Market Value, the Fee Simple Estate will apply in most cases. All appraisals are for surface rights only.
- Is this technically correct?
  - Long term leases on the property? ie. cell tower, business etc.
  - Annual farm leases?
  - Can the Estate Appraised be Leased Fee?
  - Is the Estate Appraised ever Fee Simple if it is leased?
  - Partially leased

# Proposed Rewrite

- **Estate Appraised:** A statement of the rights being valued. For Market Value (Land Only), the estate appraised can be Fee Simple Estate or Leased Fee Estate in most cases. In cases of an entire acquisition the estate appraised will be Fee Simple Estate or Leased Fee Estate. All appraisals are for surface rights only.

# Information

- SADC Website
- <http://www.state.nj.us/agriculture/sadc/index.shtml>
- Click farmland Preservation
- Click Appraisals
- Click Farm Appraisal Resources (upper right)
- Main Phone # 609 – 984 – 2504
- [paul.burns@ag.state.nj.us](mailto:paul.burns@ag.state.nj.us)
- [richard.martin@ag.state.nj.us](mailto:richard.martin@ag.state.nj.us)